

A marked-up version of the amended paragraph is provided below.

This application is a continuation of and claims priority to PCT/US98/25676, filed December 3, 1998, United States provisional application 60/099,800, filed September 10, 1998, United States provisional application 60/089,685, filed June 17, 1998, United States provisional application 60/078,935, filed March 20, 1998, and United States provisional application 60/067,423, filed December 3, 1997. The contents of each of the foregoing applications PCT/US98/25676 are hereby incorporated by reference in its their entirety.

In the claims:

For the convenience of the Examiner, all claims being examined, whether or not amended, are presented below.

1. **(Thrice Amended)** An isolated protein comprising an N-terminal amino acid and a C-terminal amino acid, wherein the protein comprises an amino acid sequence selected from:

- C2
- (a) an amino acid sequence with an N-terminal cysteine that is appended with at least one hydrophobic moiety;
 - (b) an amino acid sequence with an N-terminal amino acid that is not a cysteine appended with at least one hydrophobic moiety; and
 - (c) an amino acid sequence with at least one hydrophobic moiety substituted for the N-terminal amino acid,

wherein the protein comprises an amino acid sequence at least 80% identical to any of SEQ ID NOs: 1-4 and binds patched, and wherein said hydrophobic moiety enhances a biological activity of the protein.

2. **(Reiterated)** The protein of claim 1, wherein the hydrophobic moiety is a peptide comprising at least one hydrophobic amino acid.

3. **(Reiterated)** The protein of claim 1, wherein the hydrophobic moiety is a lipid.